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EXECUTIVE DIRECTOR

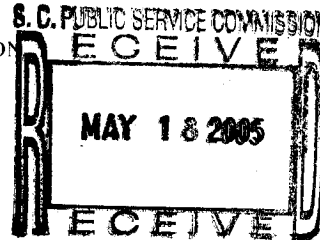
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May 13, 2005

The Honorable Charles L.A. Terreni
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Commission Utilities Matters Action Agenda Item – Docket No. 2005-120-E – Progress Energy Carolinas, Inc. Application for Approval of the Transfer and Sale of Property in North Carolina.

Dear Mr. Terreni,

This is to inform the Public Service Commission that the Office of Regulatory Staff has reviewed the above referenced filing and based on the following information we have no objection to Progress Energy Carolinas, Inc. ("Company") request for approval of the transfer and sale of this property located in Wilmington, North Carolina. The property site includes operations that have been consolidated and relocated to other Company facilities thereby rendering this property vacant and surplus and therefore no longer required for the Company's current utility operations. The property consists of 10.81 acres originally purchased as part of an 11.78 acre parcel in 1973 and improved with the addition of three buildings and a parking area. The property was previously used for general office purposes, repair and maintenance of trucks and other Company vehicles and storage of equipment and materials. The property was advertised for sale for approximately 45 days and the Company has entered into a contract with the highest bidder to sell the property for \$3.5 million. This sale price is in excess of both the book and appraised values. The depreciated book value of the property is \$1,101,064 and it has a market appraisal value of between \$2.16 and \$2.7 million. The net proceeds will be recorded under FERC Account No. 421.1, Gain on Disposition of Property.

Thank you for the opportunity to provide our comments in this matter.

Sincerely,

John W. Flitter

JWF/swh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Florence Belser, General Counsel, SC ORS
Len S. Anthony, Deputy General Counsel-Regulatory Affairs PEC
Dr. James Spearman